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PRESIDENT BUSH'S AGENDA: BUILDING A BETTER AMERICAFACT SHEET

Less than three weeks into his Presidency, President Bush addressed a Joint Session of the Congress and outlined a comprehensive agenda for building a better America. The President's Message is accompanied by a supplementary discussion of plans and proposals entitled Building a Better America. Together, the Message and the 193-page supplement describe the President's priorities and approach.

The President outlined a realistic plan that establishes clear priorities and meets the Gramm-Rudman-Hollings budget targets, without raising taxes. While dealing with problems from the past (the Savings and Loan crisis and nuclear clean-up), and meeting tight fiscal constraints, the President's priorities nonetheless focus attention on investing in America's future.

The President's agenda has six basic parts -- each of which is summarized below:

1. Restoring Fiscal Balance
2. Advancing Priorities for Growth and Competitiveness
3. Ending the Scourge of Drugs
4. Making a Kinder and Gentler Nation
5. Managing America's Government Better
6. Securing a More Peaceful World

In seeking to advance his agenda, the President again extended his hand to the Congress in a cooperative bipartisan spirit. He repeated his observation that "the people did not send us here to bicker," emphasizing that Americans want to see their elected leaders produce. To this end, he offered to have members of his Administration negotiate in good faith -- day and night if that is what it takes -- in order to reach bipartisan agreement with the Congress.

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I. RESTORING FISCAL BALANCEA. Ordering Budget Priorities

The President's budget plan adopts a common-sense approach to budgeting. It no longer measures changes against the Wonderland concept of "current services baseline" but rather from this year to next year. In this approach the starting point is the large revenue growth expected in FY 1990 over 1989 -- almost \$82 billion. This growth is then allocated to a reduction of the deficit by 40 percent, required increases in such areas as interest on the national debt, and to the President's priorities and initiatives.

B. Budget Process Reforms

The President's budget process reform proposals include:

- o A Balanced Budget Constitutional Amendment, to end the chronic affliction of spending that exceeds revenues and to assure future fiscal responsibility.
- o A Line Item Veto, a tool possessed by 43 state governors, to help the President control spending.
- o Enhanced rescission authority that would require an up-or-down vote by Congress on Presidential rescission proposals.
- o Biennial Budgeting, to make the budget process easier and more efficient and encourage longer term policy development by the President and Congress.
- o Enactment of Individual Appropriations bills, to avoid crisis-born, thousand-page omnibus "continuing resolutions."
- o A Joint Budget Resolution, requiring approval of the President, to guarantee early negotiations and make it more likely that the resolution would ultimately be reflected in law.
- o Enforcement of the Budget Resolution as a guideline for legislative action, ending differing policy interpretations.
- o Credit Reform, to identify the true subsidy cost of direct and guaranteed loan programs.

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- o Heightened Attention to Capital Expenditures without changing the measurement of a budget surplus or deficit.
- o Longer Horizons, to assure that major budget problems such as FSLIC insolvency are anticipated.

II. ADVANCING PRIORITIES FOR GROWTH AND COMPETITIVENESS

A. Investing in R&D and Long Term Productive Capacity

The President's initiatives to assure the continued economic health of future generations include:

- o Encouraging Long-Term Investment by reducing the capital gains tax rate to a maximum of 15 percent for long-held assets and eliminating capital gains taxes for taxpayers with adjusted gross incomes below \$20,000 a year.
- o Elevating Science and Technology in national policy-making by making the White House Science Advisor an Assistant to the President, reporting directly to the President.
- o Enhancing the Federal investment in basic research by increasing research programs of the National Science Foundation and the Department of Energy by \$360 million.
- o Maintaining America's leadership in space. The President proposes a 22 percent increase in funding for the National Aeronautics and Space Administration, providing for the continued development of Space Station Freedom and a build-up of the flight rate of the space shuttle. Viable commercial space initiatives are also encouraged.
- o Making the Research & Experimentation (R&E) tax credit permanent and improving R&E expense allocation rules to encourage continued growth of private domestic research and experimentation.

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- o Stimulating Domestic Oil and Gas Production and reducing dependence on foreign oil by:
 - providing tax incentives for exploratory drilling costs; and
 - urging decontrol of natural gas.
- o Constructing the Super Conducting Supercollider which will be used by research scientists around the world and will assure our technological leadership in high-energy physics.
- o Expanding Biomedical Research. The President will propose a seven percent increase in funding for basic research and will encourage new partnerships with industry for applied research.
- o Promoting International Competitiveness. The President will create a Council on Competitiveness to be chaired by the Vice President.
- o Improving Opportunities for Disabled Americans. The President will establish a policy working group of senior Administration officials to recommend changes needed to promote self-sufficiency and to rationalize services across government programs.

B. Investing in People: Education

Educational achievement of our Nation's children is a major determinant of future productivity and our competitive position in the world. The President will help to reward success through public recognition and financial rewards for those schools, students and teachers who have excelled. The President's initiatives include:

- o Rewarding Successful Schools whose students demonstrate substantial progress with a new program starting at \$250 million and rising to \$500 million. The awards can be used by the winning schools for any educational purpose.
- o Recognizing Superior Teachers across the country with public recognition and cash awards to provide incentives for excellence and to demonstrate that highly motivated educators will not go unnoticed.

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- o Establishing a National Science Scholars Program to foster a greater commitment to science and mathematics education. Scholarships and opportunities for hands-on experience in federal research laboratories will be provided to top high school students across the country.
- o Creating a new \$100 million addition to the magnet schools program to encourage curriculum innovation and provide better opportunities for motivated students.
- o Helping states develop alternative certification systems to remove unnecessary barriers so that talented and motivated people can become teachers or principals.
- o Providing additional Federal funds to increase support for experimentation and innovation in the schools and to assure timely distribution of knowledge about what works in education.
- o Providing \$60 million over four years in new Federal matching grants for Historically Black Colleges and Universities to create incentives for increased endowments, to assure continued progress of these important institutions.
- o Assuring proper accountability in Federal education programs to provide for the best use of tax dollars and the achievement of educational goals.

C. Expanding Economic Opportunities: Enterprise Zones

- o Create Enterprise Zones to expand economic opportunity for economically distressed areas, using tax incentives and regulatory relief to stimulate growth.

III. ENDING THE SCOURGE OF DRUGS

The President believes in zero tolerance of illegal drug use. No amount of illegal drug use is acceptable to the President. Action on multiple fronts is needed. The President is requesting \$6 billion in FY 1990 to fight drugs, including nearly \$1 billion in new outlays for drug education,

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treatment, and enforcement, and will support stiffer drug penalties. The Director of National Drug Control Policy will develop a national drug control strategy.

A. Educating the Young: Drug Prevention

- o Funding for the Drug-Free Schools and Communities Act will be increased.
- o A new \$25 million Emergency Urban Grants program is created for the special needs of those urban school systems with the worst drug problems.
- o A new \$35 million community partnership grant program will also be added to stimulate more community involvement in drug prevention activities.

B. Reclaiming Lives with Improved Drug Treatment

- o Funding for drug abuse treatment will be increased 18 percent, including new grants to reduce the waiting periods for admittance into drug treatment programs.
- o A grant program will be created to assist areas of the country identified as having the greatest need for more treatment for the indigent, disadvantaged, youth and expectant mothers.

C. Going to the Source: Drug Law Enforcement

- o Substantial funding increases are requested for the Drug Enforcement Agency, the Customs Service, the State Department's Bureau of International Narcotics Matters, and the drug interdiction budget of the Coast Guard, to strengthen inspection, interdiction, intelligence efforts and crop eradication programs.
- o The Justice Department will receive funding for grants for local law enforcement agencies and for additional U.S. Attorney prosecutorial staff, as well as for FBI investigations and local law enforcement training.

D. Strengthening Our Laws: Drug Penalties

- o The President will call for strict application of the tough new penalties in the Anti-Drug Abuse Act of 1988.
- o Drug offenders will be a top prosecuting priority of U.S. Attorneys.

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IV. MAKING A KINDER, GENTLER NATIONA. Protecting the Environment

The President proposes a nine-part program to protect the environment.

- o Strengthening Our Commitment to Cleaner Air: The President will propose legislation to reauthorize the Clean Air Act, ensuring progress toward meeting air quality standards in the Nation's major cities. The President will ask Congress to establish an acid rain program that will obtain significant SO₂ and NO_x emission reductions, balancing competing interests, by specified dates. The President will work to achieve the worldwide ratification of the historic Montreal Protocol.
- o Preserving and Expanding Recreation Lands: America's parks and open spaces are national treasures. The President proposes \$200 million for new land acquisitions through the Land and Water Conservation Fund, reversing the policy in the January budget of essentially no new acquisitions.
- o Developing Offshore Oil and Gas While Protecting the Environment: The President believes that oil and gas development is necessary; however, drilling will be permitted only in an environmentally sound manner. The President will delay leasing in three sensitive areas pending resolution of environmental concerns by a task force he will establish.
- o Speeding Hazardous Waste Cleanup: A reinvigorated Superfund program is the key to resolving the Nation's hazardous waste problems. Polluters unwilling to clean up their wastes will pay triple damages; cost recovery cases will be pursued sooner to end the incentive for delay; and EPA will use its emergency cleanup authority more often.
- o Fighting Ocean Pollution: The President is committed to end ocean dumping by the end of 1991, and EPA will issue no new permits for ocean dumping of sludge or industrial waste. The FBI and EPA will be instructed to prosecute illegal dumpers of medical waste and new penalties against medical waste dumpers will be sought.
- o Preserving Our Wetlands: The national goal will be no net loss of wetlands. An interagency task force will be established to ensure that all agencies involved in wetlands preservation work toward that goal, and there will be firmer enforcement of present laws aimed at saving wetlands.

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- o Enhancing Water Quality: The President proposes an increase in funding of \$64 million for coordinated Federal water quality programs in four agencies. Farmers will be aided in their efforts to avoid groundwater contamination from pesticides and fertilizers.
- o Reducing the Growing Volume of Waste: The President is committed to exceeding EPA's current goal of 25 percent reduction in waste. This is primarily a local problem, but Federal assistance will be expanded, including developing a database on successful waste reduction and recycling techniques.
- o Fostering International Cooperation on the Environment: President Bush will promote international cooperation on environmental issues, including global warming, preservation of the oceans, and the loss of tropical rain forests.

B. Combatting Homelessness

- o The President is committed to addressing forcefully -- through public and private action -- the tragedy of men, women, and children living without homes. The President's budget fulfills his pledge to fully fund the McKinney Act at \$746 million in FY 1990, and over-all funding directed at homelessness will increase 70 percent to \$1 billion.
- o Beyond McKinney, an incremental \$50 million will be requested for a new matching grant program, in partnership with state and local agencies and not-for-profit and volunteer organizations. This program will address many facets of homelessness, encouraging and supporting the most promising local solutions for the problem.

C. Enhancing Parental Choice in Child Care

The President proposes a four-part initiative, a key element of which is to preserve the incentive for parents to make their own decisions about what sort of care is best for their children. The cost of the initiative in 1990 is \$330 million, rising to more than \$2.5 billion by 1993.

- o Enhancing Parental Choice in Child Care: The President proposes a new, refundable tax credit of up to \$1000 for each child under four in low-income families, allowing families to select from a wide range of child care options the arrangement that best suits their needs.

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- o Making the Existing Dependent Care Credit Refundable: For lower income families that do not pay tax, the present credit is of no value. Under the proposal it would be made refundable.
- o Expanding Head Start: A \$250 million increase in the Head Start program will allow up to 95,000 additional four year-olds to get a better start in life.
- o Examining Barriers to Liability Insurance: The difficulty encountered by employers in obtaining liability insurance may prevent them from providing on-site child care. The President has directed the Secretary of Labor to determine what obstacles stand in the way of purchasing such insurance, and report back to him by the end of this year.

D. Increasing Adoption

The President proposes to facilitate adoption by restoring the tax deduction for unreimbursed one-time costs of adopting special needs children and doubling it to \$3,000. A reduction in the January budget for the Adolescent Family Life Program is withdrawn, and there is increased funding for several adoption-related programs.

E. Involving Youth in Service: YES to America

The President is convinced that increasing the involvement of young Americans in voluntary programs will not only reduce many national problems but will also instill a life-long spirit of service. He will propose legislation and funding for the establishment of the YES to America Foundation.

F. Responding to HIV/AIDS

Solving the problem of AIDS is the highest public health priority of the Bush Administration. The President proposes an increase of \$313 million in AIDS funding in 1990, devoting more money than ever before for research, education, testing, and counselling.

G. Improving Medicaid for Pregnant Women, Infants, and Children

The President is committed to improving health care for lower-income Americans by focusing first on those most at risk: pregnant women and their children. To accomplish this, the Administration is proposing to further expand eligibility for Medicaid beyond expansions recently enacted. The proposal for Medicaid savings in the January budget is withdrawn.

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H. Protecting Social Insurance and Providing for Those in Need

Social Security will be fully funded, with an estimated 3.6 percent Cost of Living Adjustment in January 1990. Other social insurance benefit programs, such as Unemployment Compensation and Veterans Service-connected Compensation, are also fully funded. No cuts are proposed in means-tested entitlement programs.

V. MANAGING AMERICA'S GOVERNMENT BETTERA. Providing for National Security While Increasing Efficiency

The President proposes to freeze defense budget authority for one year in real terms, followed by a resumption of real growth of one percent in 1991 and 1992 and two percent in 1993. The President will accept the freeze in 1990 only on condition that the savings be allocated to his priority initiatives, and that the defense spending level be part of a comprehensive budget agreement that meets the Gramm-Rudman-Hollings targets without a tax increase and includes budget process reforms.

The President has ordered a review by the National Security Council of defense policies and strategies, and has charged the Secretary of Defense with improving the defense procurement process. The President has also asked the Congress to do its share by streamlining its own procedures of oversight and budgeting for defense.

B. Attending to Problems from the Past

- o Reforming the S & L Sector. A comprehensive plan for dealing with insolvencies in the thrift industry was announced February 6. It involves a mix of industry and taxpayer funds but will not result in greater net budget outlays than contemplated in the January budget, except in FY 1989. The total cost to the taxpayer over ten years is estimated at \$39.9 billion.
- o Protecting Safety and Environment While Modernizing Nuclear Weapons Plants. The President proposes an increase of \$1.1 billion in budget authority in FY 1990 for nuclear safety, environmental cleanup and modernization, 42 percent above 1989. Outlays would rise \$700 million.
- o Ensuring Excellence and Safety in Aviation. Budget authority for the FAA will increase by almost \$1.2 billion in 1990, providing for hiring more air traffic controllers and a 41 percent increase in the program of modernization of the air traffic control system.

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C. Transferring Assets to the Private Sector

The Administration intends to transfer to the private sector activities of government that can be best performed there. These include the naval petroleum reserves, helium processing facilities and the assets of two of the seven electric power marketing administrations. In addition, there will be sales of oil and gas leases on the outer continental shelf and in the Arctic National Wildlife Refuge. Three lease areas on the outer continental shelf off California and Florida are withdrawn from proposed sale pending further assessment of potential environmental damage.

VI. SECURING A MORE PEACEFUL WORLD

- o The President is committed to building ever-stronger partnerships with United States allies and friends, who are our first priority.
- o As the result of Western strength and solidarity, we enjoy the prospect of more constructive relations with the East. The President is ready to work with the Soviet Union in many areas, to build on previous significant progress. The agenda for the future includes addressing regional conflicts, arms reduction, human rights and bilateral exchanges, as well as many new transnational challenges, including terrorism, narcotics and the global environment.
- o There is a new appreciation of the benefits of economic freedom -- in developed countries, in developing countries and even in the Communist world. It is increasingly realized that free markets and private initiative are the engine of prosperity and growth. American policies will build upon this awareness and the profound changes it is likely to bring in much of the world.
- o The President and Secretary of State are pledged to consult and collaborate with Congress as appropriate. History shows that foreign policies succeed when there is a spirit of bipartisanship and cooperation.
- o The President has instructed the National Security Council to review the range of foreign policy and national security challenges facing the nation. The NSC will recommend to the President within 90 days options for United States policy.

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BUSH BUDGET SUMMARY

RECEIPTS, OUTLAYS, AND DEFICITS
(In billions of dollars)

	1989	1990	1991	1992	1993
Receipts	979.3	1,065.6	1,147.6	1,218.6	1,286.6
Outlays, excluding asset sales	1,149.5	1,160.4	1,211.8	1,249.2	1,284.1
Deficit, excluding asset sales	170.2	94.8	64.2	30.6	-2.5
G-R-H targets	136.0	100.0	64.0	28.0	0.0
Deficit, including asset sales	163.3	91.1	61.9	26.8	-3.8

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